

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PROPOSED TARIFF FILING OF)
KENTUCKY-AMERICAN WATER COMPANY) CASE NO. 95-265

O R D E R

On March 25, 1994, Kentucky-American Water Company ("Kentucky-American") applied to the Commission for approval of the methodology which it will use to recover Kentucky River Authority ("KRA") withdrawal fees. The Commission has previously approved a revision to Kentucky-American's Service Classification No. 6 Tariff to permit its bills to show, as a separate item, an amount equal to the proportionate part of KRA withdrawal fees.¹ On June 9, 1994, the Commission issued an Order allowing Kentucky-American to recover the KRA withdrawal fees for all water withdrawn from the Kentucky River.²

On June 14, 1995, Kentucky-American applied to the Commission for approval to adjust its withdrawal fee from \$.05191 to \$.04427³ per 1,000 gallons as a result of a decrease in the Tier 1 fee for gross withdrawal from July 1, 1995 through June 30, 1996.

¹ Case No. 92-452, Notice of Adjustment of the Rates of Kentucky-American Water Company (November 19, 1993) at 49.

² Case No. 94-194, The Proposed Tariff Filing of Kentucky-American Water Company (June 9, 1994).

³ $\$290,921$ (estimated KRA withdrawal fee) \div $6,571,914$ gallons (estimated water sold) = \$.04427 per 1,000 gallons.

Kentucky-American, as of December 1994, accrued \$417,357 in fees on customers' bills and as of March 6, 1995, had paid a total of \$480,066 to KRA. Kentucky-American proposes to make up the difference of \$65,709 by adding an additional \$.0054 to its withdrawal fee.⁴ This adjustment results in a withdrawal fee of \$.04967 per 1,000 gallons.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that:

1. Kentucky-American's proposed adjustment should be approved.

2. Kentucky-American should maintain records of its collections under its Service Classification No. 6 Tariff for KRA withdrawal fees.

3. Any over- or under-recovery of such fees should be addressed in Kentucky-American's next general rate case.

IT IS THEREFORE ORDERED that:

1. Kentucky-American is authorized to charge a rate of \$.04967 per 1,000 gallons of water under its Service Classification No. 6 Tariff for KRA withdrawal fees.

2. Kentucky-American shall maintain a record of its collections under its Service Classification No. 6 Tariff for KRA withdrawal fees.

⁴ July - December 1995 (1,000 gallons sold) 6,571,914
 January - June 1996 (1,000 gallons sold) 5,629,875
 \$65,709/12,201,789 (gallons sold) = .0054

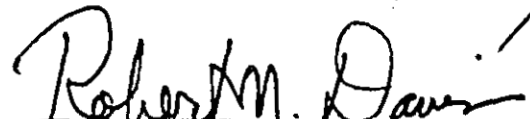
3. Kentucky-American shall advise the Commission of any change or revision in KRA withdrawal fees.

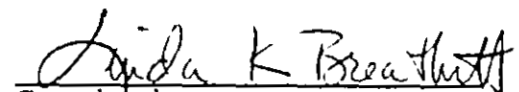
4. Kentucky-American's proposed tariff is approved.

Done at Frankfort, Kentucky, this 30th day of June, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director